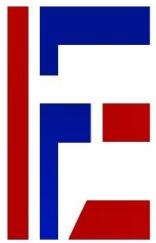
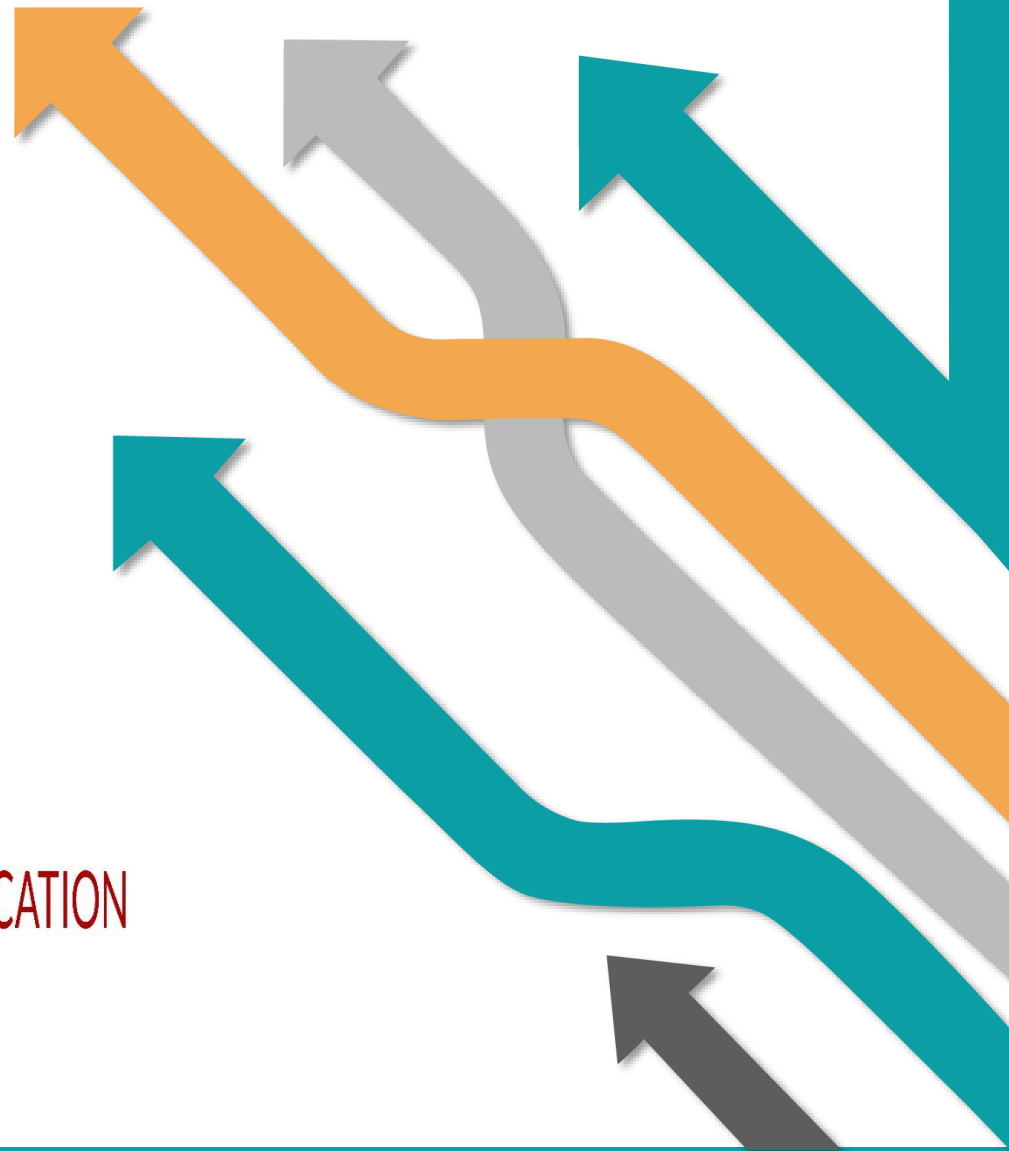


Improving Your Credit



THE INSTITUTE FOR FINANCIAL EDUCATION
A NON PROFIT ORGANIZATION



Objectives

- Explain why credit is so important
- Understand your FICO
- Learn about credit restoration
- Explain debt rebalancing
- Describe key steps to rebuilding your credit
- Discuss how to repair credit after bankruptcy

WHAT IS CREDIT?

Pros

- Purchases
- Builds credit
- emergencies

- Interest
- Temptations
- Over-extending

Cons

creditworthiness

collateral

capacity

character

WHAT'S IN A CREDIT REPORT?

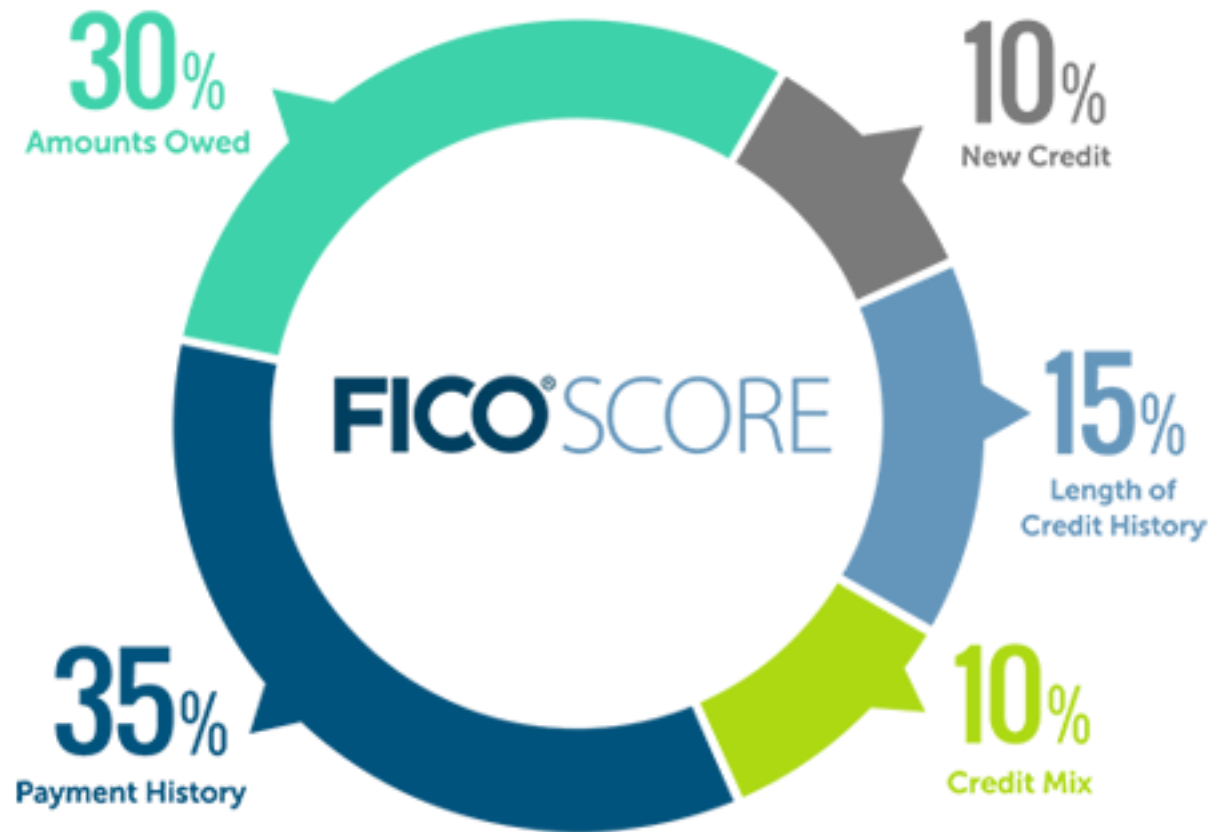
- ✓ Personal information
- ✓ Account information (aka **Tradelines**)
- ✓ Inquiries
- ✓ Collections
- ✓ Public record information
- ✓ Creditor's contact information

Retrieving your credit report:

- www.annualcreditreport.com
- Call **1-877-322-8228**



HOW IS CREDIT MEASURED?



FICO Score

- Not all credit scores are FICO scores
 - FICO can change daily and across bureaus
 - Depends on information and balances as of that day
 - Different bureaus may have different information
 - Goal is above 640 to avoid being a “Sub-Prime” borrower
 - Determines:
 - Amount of line of credit
 - Initial deposits for cable, utilities, and rent
 - Interest rates
 - Unique
 - Credit length, type, etc.
- **Excellent: 800 to 850**
 - **Very Good: 740 to 799**
 - **Good: 670 to 739**
 - **Fair: 580 to 669**
 - **Poor: 300 to 579**

IMPROVING YOUR CREDIT

- Watch those credit card balances
 - Optimum 30%
- Eliminate credit card balances
 - Consolidate spending
- Leave old debt on your report
 - Oldie but a goodie
- Use your calendar
 - Rate shopping 15-45 days
- Pay bills on time
- Don't hint at risk
 - Character counts
- Don't obsess



After Bankruptcy

- Check Report Regularly
 - Errors are costly
 - Accounts properly discharged
 - \$0 Balance
 - Correct date
- Secured Credit and/or Retail Card
 - Upfront deposits
 - Retail has looser requirements
- Secured/Credit-Builder Loan
- Report your rent to the Bureau
- Become an authorized user



WHY IS CREDIT IMPORTANT?

- Buying a home or car
- Loans (**college**)
- Life insurance
- Interest rates



DISPUTING INCORRECT INFORMATION

1

Inform the credit reporting company, in writing, what information you think is inaccurate. Include copies of supporting legal documents

2

Clearly identify the information in question. Explain the facts and why you're disputing the information, and request that it be removed or corrected

3

Enclose a copy of your report with the items in question circled. Send your letter by certified mail, "return receipt requested"

4

Keep copies of your dispute letter, enclosures, and receipt.

REBUILDING YOUR CREDIT

I can think of a lot of other ways to spend \$150 a year.

- John Ulzheimer

President of consumer information for financial education website Credit.com

Avoid credit repair scams!

"Bad Credit, No Problems!"

Carefully check any Credit Counseling Service

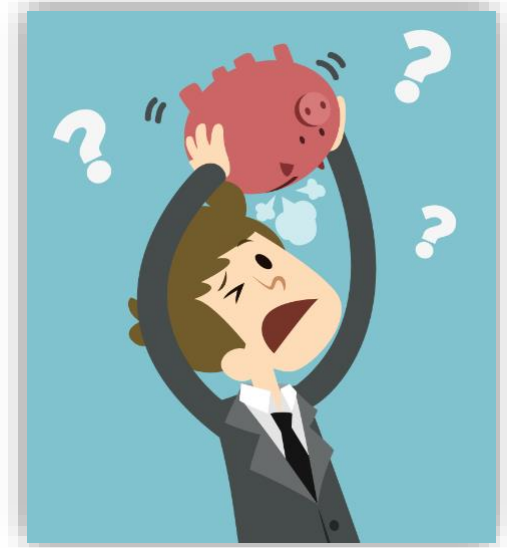
CCCS Money Help Line 1-877-254-1097

"We can erase
your bad credit--
-100%
Guaranteed!"

Self-Help: dispute errors, contact creditors, create a budget, payment plans

MANAGING DEBT

- Rip off the band-aid: assessment of debt
- Create budget
- Emergency fund
- Call creditors
- Payment plan
- How to choose what to pay first?
- Is putting credit card debt on **HELOC** a good choice?




Roll Down Debt

1. Pay yourself first – **build an** emergency fund
2. Make a list of all debts
3. Sort debt by lowest balance owed
4. Review your plan with a mentor
5. Pay off, or as much as you can, the smallest debt first
6. Pay the minimum payment on larger debts
7. Repeat steps 5 and 6 until you're debt free
8. Feel confident as you pay things off



CREDIT SUMMARY

- 
1. **Check your credit report**
 2. **Know your credit score**
 3. **Shop around for credit**
 4. **Pay bills on time**
 5. **Be in charge of debt**

Your Employee Assistance Program

Call toll-free or visit us on the web

24 hours a day/7 days a week

Thank you!

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